

Message Text

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PAGE 01 BELGRA 06024 131453Z

46

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INFO AMEMBASSY BONN

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SUBJ: FOREIGN SECRETARY MINIC'S VISIT TO BONN

1. SUMMARY: ACCORDING TO FRG EMBASSY HERE, MINIC VISIT DEVOTED TO DISCUSSION OF CSCE, INTERNATIONAL ECONOMIC ORDER AND BILATERAL ECONOMIC RELATIONS. ALTHOUGH RESULTS OF VISIT WERE LIMITED, BOTH SIDES SEEMED SATISFIED. A NUMBER OF ADDITIONAL HIGH-LEVEL EXCHANGES ARE PLANNED FOR THE YEAR AHEAD. END SUMMARY.

2. FRG EMBASSY BRIEFED US ON ECONOMIC AND POLITICAL ASPECTS OF FOREIGN SECRETARY MILOS MINIC'S VISIT, WHICH WERE GENERALLY COVERED IN NOV 5 TANJUG REPORT. ON AGREEMENT OF TWO SIDES, THERE WAS NO COMMUNIQUE. GERMAN EMBOFF SAID NO MEANING WHATEVER SHOULD BE READ INTO ITS ABSENCE.

3. IN DISCUSSION OF CSCE, BOTH SIDES CONDEMNED ONE-SIDED INTERPRETATIONS OF HELSINKI AGREEMENT, AND INSISTED THAT AGREEMENT IS BETWEEN 35 INDEPENDENT STATES. (GERMAN EMBOFF, SPEAKING PERSONALLY, SAID TO HIM THIS MEANT REJECTION OF SPECIAL RELATIONSHIP BETWEEN SOCIALIST STATES CLAIMED IN SOVIET-EAST GERMAN TREATY.)

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PAGE 02 BELGRA 06024 131453Z

4. MINIC DISCUSSED NEED FOR NEW WORLD ECONOMIC ORDER WITH

BAHR AND GENSCHER, WHO MADE PRO-FORMA STATEMENT THAT 7TH SPECIAL SESSION RESOLUTION FORMED SOLID BASIS FOR PROGRESS IN THIS AREA.

5. TWO SIDES DISCUSSED FURTHER HIGH-LEVEL EXCHANGES DURING COMING YEAR: WEST GERMAN FOREIGN MINISTER GENSCHER, DDU'S KOHL, AND POSSIBLY PRESIDENT SCHEEL (PLEASE KEEP POSSIBILITY OF SCHEEL VISIT IN CONFIDENCE); YUGOSLAV FOREIGN TRADE MINISTER LUDVIGER IS EXPECTED TO VISIT GERMANY IN NEAR FUTURE.

6. MINIC VISIT'S MAJOR PURPOSE IN THE ECONOMIC FIELD WAS TO UNDERScore AND ALLEVIATE YUGOSLAV DETERIORATING TRADE POSITION WITH EEC AND SPECIFICALLY WITH FRG. GERMANY, AS MOST IMPORTANT TRADING PARTNER AND LARGEST USER YUGOSLAV GUEST LABOR, IS SIGNIFICANT FACTOR IN RELIEF EFFORT. PACKAGE FRG OFFERED TO MINIC CONTAINED TWO MAJOR ITEMS: (1) RAISING OF THE HERMES INVESTMENT GUARANTEE LIMIT FOR YUGOSLAVIA FROM 200 MILLION DM TO 300 MILLION DM--PLUS HERMES FINANCING COMMITMENT OF 50 MILLION DM FOR GERMAN/YUGOSLAV VENTURES IN THIRD COUNTRIES. (2) A PARTIAL EXTENSION OF 1971 300 MILLION DM STANDBY CREDIT FOR ADDITIONAL FOUR YEARS TO 1979. FRG WOULD EXTEND 230 MILLION DM BUT WOULD DEMAND REPAYMENT OF 70 MILLION IN 1975.

7. YUGOSLAVS ACCEPTED THIS OFFER AS A BEGINNING BUT INDICATED THEY FELT FRG COULD DO MORE AND WILL PROBABLY CONTINUE PRESS FOR MORE RELIEF.

8. MINIC RAISED QUESTION OF EUROPEAN INVESTMENT BANK FINANCING FOR RECONSTRUCTION OF LJUBLJANA-GEVELIJA NATIONAL ROAD. GERMANS RETORTED WITH STANDARD EEC ARGUMENT THAT EIB FUNDS ONLY FOR PROJECTS IN EEC OR ASSOCIATED COUNTRIES. YUGOSLAVS FASTENED ON PREVIOUS EXCEPTION TO THIS POLICY, EIB FINANCED PIPELINE ACROSS AUSTRIA. THEY DRAW ANALOGY THAT ROAD IS SIMILAR VITAL CARRIER WHICH BENEFITS EEC NATIONS AS MUCH AS YUGOSLAVIA ACROSS WHICH THE CORRIDOR LIES BY GEOGRAPHIC ACCIDENT.

9. OTHER POINTS WERE: (1) REPEAT OF ARGUMENT THAT GERMANY SHOULD INVEST MORE IN YUGOSLAVIA TO CREATE JOBS FOR RETURNING YUGOSLAV GUEST WORKERS. (2) GERMAN INABILITY, BECAUSE OF BANK SECRETS LAW, TO MAKE KNOWN EXTENT YUGOSLAV GUEST WORKER DEPOSITS IN GERMAN BANKS. (3) THE LOPSIDED TRADE BALANCE (4.8 TO 1 IN LIMITED OFFICIAL USE

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PAGE 03 BELGRA 06024 131453Z

GERMANY'S FAVOR). WHILE LIP SERVICE WAS PAID TO MOVING TOWARD BALANCE, NOTHING SPECIFIC WAS SUGGESTED.

10. WE THINK GOY TRYING TO SQUEEZE AS MANY CONCESSIONS AS POSSIBLE FROM MAJOR TRADING PARTNERS BEFORE THE BEGINNING OF 1976 WHEN NEW, PROBABLY TOUGHER, IMPORT REGIME EXPECTED TO GO INTO EFFECT. SILBERMAN

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